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Programme and Budget Committee

Eleventh session
Vienna, 24-28 April 1995
Item 3 of the provisional agenda

ANNOTATED PROVISIONAL AGENDA

UNIT... SECTION

Item 1. Opening of the eleventh session

The eleventh session of the Programme and Budget Committee will be opened by Mr. A.S. Gorelik (Russian Federation) in his capacity as Chairman of the tenth session.

Item 2. Election of officers

In accordance with rule 17.1 of the rules of procedure (UNIDO/4), the Committee shall elect from among the representatives of its members a Chairman and three Vice-Chairmen and from among the delegations of its members a Rapporteur. Rule 17.3 also stipulates that the offices of the Chairman, the three Vice-Chairmen and the Rapporteur shall be subject to equitable geographical rotation within a five-year cycle in accordance with appendix A to the rules of procedure. According to that appendix, the Chairman of the eleventh session should be elected from members of the Committee included in List C of Annex I to the Constitution and the three Vice-Chairmen from members among the African States included in List A and from the Lists B and D respectively. The Rapporteur should be elected from members of the Committee among the Asian States in List A.

Item 3. Adoption of the agenda

A provisional agenda for the eleventh session of the Committee, prepared by the Director-General in consultation with the Chairman of the tenth session in accordance with rules 8 and 9 of the rules of procedure, is submitted to the Committee for adoption in document PBC.11/1.

Item 4. Financial situation of UNIDO

The financial situation of UNIDO was considered by the Committee at its tenth session. On that occasion, the Committee adopted conclusion 94/2 in which it requested the Director-General to present to the Industrial Development Board at its thirteenth session a review of the required scope and content of the operational budget and of its relationship to the regular budget, taking into account the approved structural reform of UNIDO and the reduction of estimated income in the operational budget, together with his findings and recommendations as well as a report on actual and expected savings within the regular budget and proposals on specific measures for the effective and full utilization of budgetary resources within the 1994-1995 biennium.

Subsequently the Board at its thirteenth session adopted decisions IDB.13/Dec.11 and IDB.13/Dec.14 in which it, *inter alia*, supported the intention of the Director-General to make full and effective utilization of resources in the 1994-1995 biennium through reallocations to priority programmes and activities as described in paragraphs 18 to 23 of document IDB.13/22. The Board also requested the Director-General to prepare a study on the advantages and disadvantages of the 6 per cent figure set as a regular budget ceiling for technical cooperation activities, as well as of alternative arrangements, so that it could be considered by the Board at its fourteenth session, after examination by the Programme and Budget Committee at its eleventh session.

The Committee will have before it:

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- The financial situation of UNIDO (including, *inter alia*, status of assessed contributions paid and of advances to the Working Capital Fund and cash flow analysis for 1995 as of 28 February 1995). Report by the Director-General (PBC.11/7) (to be updated immediately before the session)

- Study on the 6 per cent figure set as a regular budget ceiling for technical cooperation activities. Submitted by the Director-General (PBC.11/9-IDB.14/6)

Item 5. Interim financial performance report and programme performance report for the biennium 1994-1995

Financial regulation 10.6 stipulates that, at the beginning of the second calendar year of each fiscal period, the Director-General shall submit to the Programme and Budget Committee an interim financial report on significant financial developments that have affected the Organization during the first calendar year of the fiscal period concerned. In accordance with regulation 11.10, the report on the interim accounts shall be completed not later than by 1 June following the calendar year to which it relates.

Furthermore, the Committee in its conclusion 1987/19 requested the Director-General to submit each year to the Board through the Committee a clear and detailed financial performance report itemizing the utilization of financial resources, as well as a programme performance report describing the level of programme implementation. Subsequently, upon recommendation of the Committee and the Board, the General Conference in its resolution GC.4/Res.2 requested the Director-General to incorporate fully in the annual reports the programme performance report for the relevant period. Thus, the Annual Report of UNIDO, 1994, provides in an addendum the significant performance indicators for the first year of the biennium 1994-1995. This information is supplemented by the financial statements, which continue to be issued as a separate document.

The Committee will have before it:

- Interim financial performance report for the biennium 1994-1995. Submitted by the Director-General (PBC.11/8)

- Annual Report of UNIDO, 1994 (including interim programme performance report for the biennium 1994-1995) (PBC.11/10-IDB.14/10 and Add.1)

Item 6. Programme and budgets, 1996-1997

In accordance with Article 14.1 and 14.2 of the Constitution, the Director-General shall prepare and submit to the Board through the Committee a draft programme of work for the following fiscal period, together with the corresponding estimates for those activities to be financed from the regular budget. The Director-General shall, at the same time, submit proposals and financial estimates for those activities to be financed from voluntary contributions to the Organization. The Committee shall consider the proposals of the Director-General and submit to the Board its recommendations on the proposed programme of work and corresponding estimates for the regular budget and the operational budget. Such recommendations of the Committee shall require a two-thirds majority of the members present and voting. At its thirteenth session, the Board in its decision IDB.13/Dec.14 approved a ceiling for the regular budget for the biennium 1996-1997 representing zero real growth as compared with the biennium 1994-1995, without prejudice to appropriations to be adjusted according to financial regulation 5.2.

The Committee will have before it:

- Programme and budgets, 1996-1997. Proposals of the Director-General (PBC.11/2-IDB.14/2)

Item 7. Scale of assessments for apportionment of the regular budget expenses

The General Conference at its sixth session will have to establish a scale of assessments for the years 1996 and 1997. In accordance with Article 10.4 (b) of the Constitution, the Committee shall prepare the draft scale of assessments for regular budget expenditures, for submission to the Board. Article 15.2 of the Constitution stipulates that the scale of assessments shall be based to the extent possible on the scale most recently employed by the United Nations and that no Member shall be assessed more than 25 per cent of the regular budget of the Organization.

The Committee will be provided with the latest information concerning the United Nations scale of assessments for the years 1996 and 1997 and any adjustments that might be required for UNIDO.

The Committee will have before it:

- Scale of assessments for the fiscal period 1996-1997. Note by the Secretariat (PBC.11/5-IDB.14/4)

Item 8. Working Capital Fund for the biennium 1996-1997

In accordance with financial regulation 5.4 (a), the Committee should recommend to the Board the amount and purposes of the Working Capital Fund for the 1996-1997 biennium.

At its fifth session, the General Conference decided (decision GC.5/Dec.16) that the level of the Working Capital Fund should be $9 million and that the authorized purposes of the Fund for the 1994-1995 biennium should remain the same as for previous bienniums (see decision GC.2/Dec.27).

The Committee will have before it:

- Status of advances to the Working Capital Fund as of 28 February 1995 (PBC.11/7, annex II)

- Working Capital Fund for the biennium 1996-1997. Proposals by the Director-General (PBC.11/3-IDB.14/3)

Item 9. Industrial Development Fund and other voluntary contributions

In accordance with Article 17 of the Constitution, in order to increase the resources of the Organization and to enhance its ability to meet promptly and flexibly the needs of the developing countries, the Organization shall have an Industrial Development Fund (IDF) which will be financed through the voluntary contributions to the Organization provided for in Article 16, and other income as may be provided for in the financial regulations of the Organization. The Director-General shall administer IDF in accordance with the general policy guidelines governing the operations of the Fund that are established by the Conference, or by the Board acting on behalf of the Conference, and in accordance with the financial regulations of the Organization. Rules governing the financial management of IDF, which were prepared by the Director-General in accordance with the financial regulations established by the Conference in its decision GC.2/Dec.25, are contained in the Financial Rules of UNIDO (UNIDO/DG/B.74/Rev.1).

In accordance with Board decision IDB.4/Dec.30, the Director-General is to provide information as to the nature of projects financed from the Fund, indicating therein the projects financed from its general-purpose segment as well as information as to the projects financed from its special-purpose segment. Furthermore, in accordance with General Conference decision GC.3/Dec.25, the Director-General is to submit periodically a detailed report on the matter to the Board in the annual report.

In its resolution GC.5/Res.8, the General Conference requested the Director-General to prepare comprehensive policy guidelines for all projects funded from funds administered by UNIDO, as stated in document GC.5/29, and to strengthen the capability of the Organization in the field of resource mobilization and management of voluntary contributions.

At the recommendation of the Committee, the Board at its thirteenth session adopted decision IDB.13/Dec.17, in which it endorsed the programming thrust for 1995 and 1996 proposed in chapter II of document IDB.13/4, and requested the Director-General (a) to continue efforts to further improve the programming framework and programming thrust in the light of the actual situation and in consultation with recipient and donor countries, and (b) to make available to Member States, upon request, information on the results achieved in the area of resource mobilization, including information on the level and sectoral distribution of resources mobilized. The Board also delegated authority to the Director-General to approve projects for financing under IDF in 1995 and 1996 in accordance with the priority areas of the applicable medium-term plan.

The Committee will have before it:

- Industrial Development Fund - Estimated resource level and programme for 1996 and 1997. Report by the Director-General (PBC.11/6-IDB.14/5)

- Information on the nature of projects financed from the Industrial Development Fund, contained in the Annual Report of UNIDO, 1994 (PBC.11/10/Add.1-IDB.14/10/Add.1, appendix C)

- Lists of projects approved under the Industrial Development Fund (IDF) (PBC.11/CRP.1)

Item 10. Recommendations for appointment of an External Auditor

In accordance with financial regulation 11.1, an External Auditor, who shall be Auditor-General (or an officer exercising an equivalent function) of a Member State, shall be appointed in the manner and for the period decided by the General Conference.

The Conference by decision GC.5/Dec.17 appointed the President of the Federal Court of Audit of Germany as the External Auditor for UNIDO for a period of two years beginning on 1 July 1994. The Committee may wish to make recommendations, through the Board, to the Conference on the question of appointment of an External Auditor for the period 1 July 1996 to 30 June 1998.

Item 11. Review of UNIDO Country Director programme and the proposal of a new framework for field representation

The financial situation of the UNIDO Country Director (UCD) programme was discussed at the most recent sessions of the Board and the Committee. The Board, in its decision IDB.11/Dec.29, endorsed PBC conclusion 93/9 in which it was considered that the achievement of the target of 50 UCD posts or at least maintaining the present number, required, as a matter of urgency, financing from a combination of sources, *inter alia*, from the United Nations Development Programme (UNDP) funds, voluntary contributions and the UNIDO operational budget, and requested the Director-General to continue negotiations with UNDP on the most appropriate financing arrangement, bearing in mind the desire to increase or at least maintain the present number of UCD posts for the fifth programming cycle. In that conclusion the Director-General was also requested to prepare proposals for a programme framework for field representation as a basis for negotiating extrabudgetary financing, taking into account current discussions in the United Nations General Assembly and including possible redeployment of headquarters staff to the field to maintain the current level of UCDs.

A report by the Director-General (PBC.10/4-IDB.13/3 and Add.1) on the implementation of Board decision IDB.11/Dec.29 and PBC conclusion 93/9 was considered by the Committee at its tenth session. In its conclusion 94/7, the Committee requested the Director-General to prepare an in-depth analysis on the actual and potential impacts of the UCD programme, taking into account, *inter alia*, the system-wide efforts to rationalize United Nations field representation and the functions of the UCD in the context of the reform process of UNIDO for submission together with his revised proposals concerning a framework for field representation to the eleventh session of the Committee.

A first progress report on the implementation of conclusion 94/7 was submitted by the Director-General to the Board at its thirteenth session. On that occasion, the Board stressed the need for the Committee at its eleventh session to recommend urgent and effective measures on the matter dealt with by the in-depth analysis and the proposal of the Director-General.

The Committee will have before it:

- Review of UNIDO Country Director programme and the proposal of a new framework for field representation. Submitted by the Director-General (PBC.11/11)

Item 12. Electronic data-processing programme

In its decision GC.4/Dec.18, the Conference at its fourth session requested the Director-General, with a view to ensuring the transparency of all operations concerning the electronic data-processing (EDP) programme and avoiding a repetition of past difficulties, to report to the subsequent sessions of the policy-making organs on the programme and cost of implementing the consultants' recommendations and the recommendations of the External Auditor, as contained in documents GC.4/CRP.1 and GC.4/50, especially those concerning the disaster recovery plan, the organizational and functional changes and the internal control and evaluation of automation projects. It also requested the Director-General to keep Member States fully apprised of the EDP programme by quarterly briefings and informal notes (GC.4/Dec.18, para. (i)). Such briefings have taken place on a regular basis and progress reports were submitted to the eighth, ninth and tenth sessions of the Committee (PBC.8/15, PBC.8/CRP.2, PBC.9/6 and PBC.10/13), the ninth, tenth, eleventh, twelfth and thirteenth sessions of the Board (IDB.9/12, IDB.10/30, IDB.11/23, IDB.12/7 and IDB.13/20) and the fifth session of the General Conference (GC.5/27).

The Committee will have before it:

- Electronic data-processing programme. Report by the Director-General (PBC.11/4)

Item 13. Date of the twelfth session

The following dates have been tentatively reserved for the policy-making organs of UNIDO in 1996:

6-10 May 1996	IDB - fifteenth session
2-6 September 1996	PBC - twelfth session
18-22 November 1996	IDB - sixteenth session

In reserving the dates for the twelfth session of the Committee, account has been taken of the provisions of conclusion 94/13. In that conclusion the Committee, bearing in mind financial regulation 11.10 and the explanations given by the External Auditor and the Director-General concerning the difficulties in providing the reports of the External Auditor earlier than the end of May of the year following the fiscal period to which they relate, decided that in the future, in such years, the regular sessions of the Committee would be held in the first week of September.

Item 14. Adoption of the report of the eleventh session

Item 15. Closure of the eleventh session